

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-243-E - ORDER NO. 2014-15

JANUARY 14, 2014

IN RE: Application of Duke Energy Progress,	) ORDER APPROVING
Incorporated Requesting Approval of	) REVISION AND
Supplementary and Non-Firm Standby	) EXTENSION OF NFS-4
Service (Experimental) Rider NFS-2	) (EXPERIMENTAL)
(Request for Revision and Extension)	) RIDER

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Duke Energy Progress, Inc. (“DEP”) requesting to extend and revise its Supplementary and Non-Firm Standby Service Experimental Rider (“rider”). The rider was initially approved on an experimental basis by Order No. 2009-471 (July 15, 2009). The proposed rider does not require DEP to serve any more than an individual customer’s supplemental load when the customer’s generation is out of service, unless DEP determines that electricity or generation capacity is available from either DEP or the wholesale power market. DEP states that standby service is normally supplied by the customer’s generation, but that DEP will provide electricity on a “standby basis” when a customer’s generation is not operating.

The rider requires the customer to contract for a supplementary demand that would be available at all times and would be priced at standard tariff charges. The customer would also contract for a non-firm standby service demand that would only be served if power was available from either DEP or wholesale market sources. DEP states

it will install transmission and distribution facilities necessary to serve the customer's total contract demand.

Specifically, DEP is proposing to extend the rider on an experimental basis. The rider, which expires on December 31, 2013, would be extended until December 31, 2015. DEP is proposing the following revisions to the rider: (1) the availability is being revised to clarify that it is only available to generation that is designed to operate at a planning capacity factor of 60% or greater; (2) the rider exclusion for generation of 500 kW or less that is less than 10% of the customer's load is removed; 3) a new Non-Firm Standby Service Delivery Charge is being added to recover the cost of interconnecting the transmission and distribution grid to the customer's site; and 4) the tax adjustment factor that is applied to the real time price hourly rate is adjusted by both the SC gross receipts tax and the utility assessment fee.

The first revision to the rider clarifies that the rider is only available for consumers who have generation that is designed to operate at a planning capacity of 60% or greater. This excludes generation that is dependent upon intermittent resources such as solar photovoltaic and wind turbines and is therefore more likely to be operating during the hours the utility is experiencing generation resource constraints.

The second revision to the rider is regarding the rider exclusion for generation of 500 kW or less and is less than 10% of the customer's load. Customers will now pay for standby service whenever it is required, regardless of the magnitude of the requirement.

The third revision adds a new Non-Firm Standby Service Delivery Charge to the rider. Currently, customers using the rider pay a monthly charge for additional facilities

and equipment installed at the customer's site, solely to provide standby generation. This new charge includes a consumption-based fee design to recover the cost of extending grid infrastructure to the site. The delivery charge will be calculated as consumption in excess of the Supplementary Service Contract Demand in the current billing month. The delivery charge rate will be \$.00277 / kWh for customers served from the Transmission System (69 kV or higher), and \$.00373 / kWh for customers served from the Distribution System (less than 69 kV).

The fourth revision adds the South Carolina Utility Assessment to the South Carolina Gross Receipts Tax that is currently being charged to the customer.

DEP has gathered experience with an analogous rider in North Carolina and asserts that this rider, as revised, is a valuable and appropriate service that should be available to South Carolina customers. We note that there are no South Carolina customers currently subscribing to this rider, nor has DEP been before the Public Service Commission in a general rate case proceeding since the rider's inception. We find that the proposed revisions to the rider are reasonable and more accurately reflect the costs associated with providing the service. We find that availability of this rider to South Carolina customers is in the public interest. Therefore, we approve the extension of the rider from December 31, 2013, to December 31, 2015, and we approve the revisions to the rider. DEP shall e-file the amended tariff with the Commission if has not done so already.

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This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



Nikiya Hall, Vice Chairman

(SEAL)